

Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended .

Unit Name Dexter Township	County WASHTENAW	Type TOWNSHIP	MuniCode 81-1.040
Opinion Date-Use Calendar Jun 25, 2008	Audit Submitted-Use Calendar Aug 18, 2008	Fiscal Year-Use Drop List	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 920,427.00
General Fund Expenditure:	\$ 733,656.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 1,529,663.00
Governmental Activities Long-Term Debt (see instructions):	\$ 4,750,000.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

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CPA Street Address 1034 West Ann Arbor Trail	City Plymouth	State MI	Zip Code 48170	Telephone +1 (734) 453-8770
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DEXTER TOWNSHIP
Washtenaw County, Michigan

AUDITED FINANCIAL REPORT

For the Fiscal Year Ended
March 31, 2008

DEXTER TOWNSHIP
For the Year Ended March 31, 2008

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FINANCIAL SECTION

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June 25, 2008

Independent Auditor's Report

Board of Trustees
Dexter Township
Dexter, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Township, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the basic financial statements of the Township's primary government as listed in the table of contents. These financial statements are the responsibility of Dexter Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the primary government of Dexter Township, Michigan, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Township's legal entity. The financial statements do not include financial data for the Township's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Township's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Dexter Township, Michigan as of March 31, 2008, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Dexter Township
June 25, 2008

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Dexter Township, Michigan, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the defined benefit pension plans trend information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dexter Township's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in black ink that reads "Post, Smythe, Lutz + Ziel of Plymouth". The signature is written in a cursive, flowing style.

Post, Smythe, Lutz and Ziel of Plymouth LLP
Certified Public Accountants

Management's Discussion and Analysis

As management of Dexter Township, we offer readers of Dexter Township's financial statements this narrative overview and analysis of the financial activities of Dexter Township for the fiscal year ended March 31, 2008.

Financial Highlights

- The assets of Dexter Township exceeded its liabilities at the close of the most recent fiscal year by \$6,050,782 (*net assets*). Of this amount, \$2,771,671 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Dexter Township's governmental funds reported combined ending fund balances of \$5,567,779 an increase of \$129,424 in comparison with the prior year. Approximately 50% of this total amount, \$2,771,671 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,529,663.
- Dexter Township's total debt decreased by \$500,000 (10 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Dexter Township's basic financial statements. Dexter Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Dexter Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Dexter Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Dexter Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Dexter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Dexter Township include general government, public safety, public works and other activities. The Township has no business-type activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Dexter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Dexter Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Dexter Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police, Fire, Multi Lake, and the Multi Lake Water and Sewer Debt Service Funds which are considered to be major funds.

Dexter Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and the special revenue funds to demonstrate compliance with the annual appropriated budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Dexter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-29 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Dexter Township, assets exceeded liabilities by \$6,050,782 at the close of the most recent fiscal year.

	Governmental	
	2008	2007
Current and Other Assets	\$ 6,511,758	\$ 6,530,465
Capital Assets	5,233,003	5,549,295
Total Assets	11,744,761	12,079,760
Long-term Liabilities	4,750,000	5,250,000
Other Liabilities	943,979	1,092,110
Total Liabilities	5,693,979	6,342,110
Net Assets:		
Invested in Capital Assets		
net of related debt	483,003	299,295
Restricted	2,796,108	3,028,077
Unrestricted	2,771,671	2,410,278
Total Net Assets	\$ 6,050,782	\$ 5,737,650

A portion of Dexter Township's net assets (8 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. Dexter Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Dexter Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The largest portion of Dexter Township's net assets (46 percent) represents resources that are subject to external restrictions on how they may be used. The remaining portion of *unrestricted net assets* (\$2,771,671) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Dexter Township is able to report positive balances in all three categories of net assets.

The government's net assets increased by \$313,132 during the current fiscal year as shown in the table below:

	Governmental	
	2008	2007
Program Revenues:		
Charges for Services	\$ 569,095	\$ 526,876
General Revenues:		
Property Taxes	1,042,024	699,746
State Shared Revenues	361,064	358,077
Unrestricted Investment Earnings	278,279	261,485
Total Revenues	<u>2,250,462</u>	<u>1,846,184</u>
Program Expenses		
General Government	539,847	479,111
Public Safety	707,626	635,772
Planning and Zoning	87,285	123,618
Public Works	353,742	363,304
Recreation and Culture	1,450	5,700
Other	25,080	22,118
Interest on Long-Term Debt	222,300	241,313
Total Expenses	<u>1,937,330</u>	<u>1,870,936</u>
Change in Net Assets	<u>\$ 313,132</u>	<u>\$ (24,752)</u>

Governmental activities. Governmental activities increased Dexter Township's net assets by \$313,132, due to the fact that the Township elected to levy 1.000 mills for police services in the current year (not levied in 2007) and the property tax administrative fee, which was approved in 2007, was first applied in the current year. These revenue increases were somewhat offset by the non-recurring expenditures for re-appraisal of all residential property.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As noted earlier, Dexter Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Dexter Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Dexter Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Dexter Township's governmental funds reported combined ending fund balances of \$5,567,779, an increase of \$129,424 in comparison with the prior year. Approximately 50% of this total amount (\$2,771,671) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service costs (\$2,796,108).

The general fund is the chief operating fund of Dexter Township. At the end of the current fiscal year, the unreserved fund balance of the general fund and the total fund balance was \$1,529,663. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. The total fund balance represents 209% of expenditures.

The fund balance of Dexter Township's general fund increased by \$186,771 during the current fiscal year, as revenues exceed operating expenses and there were no significant capital expenditures, nor any need to transfer funds to other operating funds. In addition, the Township collected \$115,175 for the property tax administrative fee; previously not applied to the tax roll.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget were \$81,367 which resulted in a 10% increase over original appropriations, primarily to budget re-appraisal costs for all residential properties.

Capital Asset and Debt Administration

Capital assets. Dexter Township's investment in capital assets for its governmental activities as of March 31, 2008, amounts to \$5,233,003 (net of accumulated depreciation). This investment in capital assets includes land, buildings, sewer improvements, and equipment. No major capital asset events occurred during the current fiscal year.

Additional information on Dexter Township's capital assets can be found in note IV.B. on page 24 of this report.

Long-term debt. At the end of the current fiscal year, Dexter Township had total long term debt outstanding of \$4,750,000, none of which is debt backed by the full faith and credit of the government.

Additional information on Dexter Township's long-term debt can be found in note IV.D. on pages 25-26.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget may result in further reductions in state shared revenues. Dexter Township's millage rate was reduced by the Headlee Amendment rollback for operating purposes. These factors were considered in preparing Dexter Township's budget for the 2009 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Dexter Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Dexter Township Supervisor.

BASIC FINANCIAL STATEMENTS

DEXTER TOWNSHIP
Statement of Net Assets
March 31, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 5,373,681
Receivables (net of allowance for uncollectibles):	
Taxes	91,725
Accounts	47,610
Special Assessments	893,805
Due from Other Funds	104,937
Capital Assets (Net of Accumulated Depreciation)	<u>5,233,003</u>
Total Assets	<u>11,744,761</u>
 <u>LIABILITIES</u>	
Accounts Payable	43,858
Accrued Liabilities	6,316
Deferred Revenue	893,805
Noncurrent Liabilities:	
Due within one year	500,000
Due in more than one year	<u>4,250,000</u>
Total Liabilities	<u>5,693,979</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets, net of related debt	483,003
Restricted for:	
Debt Service	2,796,108
Unrestricted	<u>2,771,671</u>
Total Net Assets	<u>\$ 6,050,782</u>

DEXTER TOWNSHIP
Statement of Activities
For the Year Ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
<u>Functions/Programs</u>			
Primary Government:			
Governmental Activities:			
General Government	\$ 539,847	\$ 235,211	\$ (304,636)
Public Safety	707,626	-	(707,626)
Planning and Zoning	87,285	-	(87,285)
Public Works	353,742	333,884	(19,858)
Recreation and Culture	1,450	-	(1,450)
Other	25,080	-	(25,080)
Interest on Long-Term Debt	222,300	-	(222,300)
Total Governmental Activities	<u>\$ 1,937,330</u>	<u>\$ 569,095</u>	<u>(1,368,235)</u>
General Revenues:			
Property Taxes			1,042,024
State Shared Revenue			361,064
Unrestricted Investment Earnings			<u>278,279</u>
Total General Revenues			<u>1,681,367</u>
Change in Net Assets			313,132
Net Assets - Beginning			<u>5,737,650</u>
Net Assets - Ending			<u>\$ 6,050,782</u>

DEXTER TOWNSHIP
Balance Sheet
Governmental Funds
March 31, 2008

	<u>General</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Multi Lake Fund</u>	<u>Multi Lake Water & Sewer Debt Service</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 1,461,018	\$ 864,267	\$ 308,407	\$ 2,551,646	\$ 188,343	\$ 5,373,681
Receivables (net of allowance for uncollectibles):						
Taxes	21,425	19,068	28,327	-	22,905	91,725
Accounts	26,185	10,438	-	10,987	-	47,610
Special Assessments	-	-	-	-	893,805	893,805
Due from Other Funds	<u>49,766</u>	<u>20,753</u>	<u>30,830</u>	<u>-</u>	<u>22,227</u>	<u>123,576</u>
Total Assets	\$ <u>1,558,394</u>	\$ <u>914,526</u>	\$ <u>367,564</u>	\$ <u>2,562,633</u>	\$ <u>1,127,280</u>	\$ <u>6,530,397</u>

LIABILITIES AND FUND BALANCE

Liabilities:						
Accounts Payable	\$ 22,415	\$ 13,443	\$ 8,000	\$ -	\$ -	\$ 43,858
Accrued and Other Liabilities	6,316	-	-	-	-	6,316
Due to Other Funds	-	3,241	15,398	-	-	18,639
Deferred Revenue	-	-	-	-	893,805	893,805
Total Liabilities	<u>28,731</u>	<u>16,684</u>	<u>23,398</u>	<u>-</u>	<u>893,805</u>	<u>962,618</u>
Fund Balances:						
Reserved for:						
Debt Service	-	-	-	2,562,633	233,475	2,796,108
Unreserved for:						
General Fund	1,529,663	-	-	-	-	1,529,663
Special Revenue Funds	-	897,842	344,166	-	-	1,242,008
Total Fund Balances	<u>1,529,663</u>	<u>897,842</u>	<u>344,166</u>	<u>2,562,633</u>	<u>233,475</u>	<u>5,567,779</u>
Total Liabilities and Fund Balances	\$ <u>1,558,394</u>	\$ <u>914,526</u>	\$ <u>367,564</u>	\$ <u>2,562,633</u>	\$ <u>1,127,280</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

5,233,003

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(4,750,000)

Net Assets of Governmental Activities

\$ 6,050,782

DEXTER TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2008

	<u>General</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Multi Lake Fund</u>	<u>Multi Lake Water & Sewer Debt Service</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>						
Property Taxes	\$ 254,933	\$ 315,472	\$ 471,619	\$ -	\$ -	\$ 1,042,024
Property Tax Administrative Fee	115,175					115,175
Licenses and Permits	21,555	-	-	-	-	21,555
Intergovernmental:						
Federal, State and Local	361,064	-	-	-	-	361,064
Charges for Services	40,169	-	-	92,232	-	132,401
Fines and Forfeitures	9,093	-	-	-	-	9,093
Special Assessments	-	-	-	-	241,652	241,652
Refunds and Reimbursements	7,339	-	-	-	-	7,339
Interest	69,219	44,580	8,033	152,399	4,048	278,279
Other	41,880	-	-	-	-	41,880
Total Revenues	<u>920,427</u>	<u>360,052</u>	<u>479,652</u>	<u>244,631</u>	<u>245,700</u>	<u>2,250,462</u>
<u>Expenditures</u>						
Current:						
General Government	500,998	-	-	-	-	500,998
Public Safety	42,544	348,598	316,484	-	-	707,626
Planning and Zoning	87,285	-	-	-	-	87,285
Public Works	76,299	-	-	-	-	76,299
Recreation and Cultural	1,450	-	-	-	-	1,450
Other	25,080	-	-	-	-	25,080
Debt Service:						
Principal	-	-	-	-	500,000	500,000
Interest and Other Charges	-	-	-	-	222,300	222,300
Total Expenditures	<u>733,656</u>	<u>348,598</u>	<u>316,484</u>	<u>-</u>	<u>722,300</u>	<u>2,121,038</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>186,771</u>	<u>11,454</u>	<u>163,168</u>	<u>244,631</u>	<u>(476,600)</u>	<u>129,424</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	-	-	-	-	466,250	466,250
Transfers Out	-	-	-	(466,250)	-	(466,250)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(466,250)</u>	<u>466,250</u>	<u>-</u>
Net Change in Fund Balances	186,771	11,454	163,168	(221,619)	(10,350)	129,424
Fund Balances - Beginning	<u>1,342,892</u>	<u>886,388</u>	<u>180,998</u>	<u>2,784,252</u>	<u>243,825</u>	<u>5,438,355</u>
Fund Balances - Ending	<u>\$ 1,529,663</u>	<u>\$ 897,842</u>	<u>\$ 344,166</u>	<u>\$ 2,562,633</u>	<u>\$ 233,475</u>	<u>\$ 5,567,779</u>

DEXTER TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 129,424
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(316,292)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>500,000</u>
Change in net assets in governmental activities	\$ <u><u>313,132</u></u>

DEXTER TOWNSHIP
Statement of Net Assets
Fiduciary Funds
March 31, 2008

<u>ASSETS</u>	Tax Collection Fund	Agency Fund
Cash	\$ 587,845	\$ 15,895
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Due to Other Funds	\$ 104,937	\$ -
Due to Other Units	482,908	15,895
Total Liabilities	\$ 587,845	\$ 15,895
	<hr/>	<hr/>

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dexter Township operates under a Board of Trustees form of government and provides the following services as permitted by law: public safety (police and fire), cultural and recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of Dexter Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Scope of Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "the Financial Reporting Entity," the financial statements of Dexter Township should contain all the Township funds and authorities for which the Township is financially accountable and the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. Financial accountability exists if the Township appoints a voting majority of an organization's governing board, is either able to impose its will on another organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the Township, or if an organization is fiscally dependent on the Township.

The following organization is a component unit of Dexter Township and should be included as a discretely presented component unit in the basic financial statements. However, it is not included because only the primary government's financial statements have been presented.

Multi Lake Water & Sewer Authority

Financed through special assessment districts in both Lyndon and Dexter Townships. Dexter is responsible for 93.52% of the debt and operations.

The Authority was incorporated on October 4, 1994, under Public Act 233 of 1955, as amended. The purpose of the Authority is to acquire, operate, maintain and administer the sewage disposal systems and water supply systems constructed under the Authority's jurisdiction. Complete financial statements of the Multi Lake Water and Sewer Authority component unit may be obtained at the Multi Lake Water and Sewer Authority administrative offices, 12088 North Territorial Road, Dexter, Michigan, 48130.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Scope of Reporting Entity – Continued

The following organization is not part of Dexter Township and is excluded from the accompanying financial statements for the reasons stated:

Portage and Base Lake Water & Sewer Authority

- * Dexter Township does not appoint a voting majority
- * Budgets are approved by the Authority Board

The Portage and Base Lake Water & Sewer Authority was organized in 1988 under Public Act 233 of 1955 as a joint venture between Dexter Township, Hamburg Township, Putnam Township and Webster Township. The Authority was established to provide water and sewer services to the Portage and Base Lake residents. The Authority board is appointed by the legislative bodies of the aforementioned communities.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Police Fund is a special revenue fund used to account for the voter approved property taxes used to support police protection and related services.

The Fire Fund is a special revenue fund used to account for the voter approved property taxes used to support fire protection and related services.

The Multi Lake Fund is a special revenue fund used to account for capital improvements and debt retirement through user charges and special assessment districts in both Lyndon and Dexter Townships.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Governmental Funds – Continued

The Multi Lake Water and Sewer Debt Service Fund was established to account for the special assessment collections and related debt service payments for certain infrastructure improvements.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the following fund types:

The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of allowances for uncollectible accounts, which are recorded as follows:

	<u>Accounts Receivable Governmental</u>
Total	\$ 47,610
Less Allowance for Doubtful Accounts	<u>-</u>
Net Realizable Value	<u>\$ 47,610</u>

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-30
Equipment	4-10
Infrastructure	30

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

4. Accumulated Unpaid Vacation and Sick Pay

The Dexter Township employee benefit package does not allow the accumulation of vacation or sick pay.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$4,750,000 difference are as follows:

General Obligation Bonds and Contracts Payable	<u>\$ 4,750,000</u>
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DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The difference is \$(316,292), which consists of depreciation expense.

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The difference is \$500,000, which consists solely of repayment of general obligation long term debt.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

A. Budgetary Information – Continued

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with State law, prior to March 31, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to March 31, the budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Budget appropriations lapse at year end.
6. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
7. Budgeted amounts are reported as originally adopted and as amended by the Township Board.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of March 31, 2008.

2. Excess of Expenditures Over Appropriations in Budgetary Funds:

General Fund:

<u>Department</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Assessing	\$150,993	\$154,393	\$ 3,400
Planning Commission	60,636	66,525	5,889
Police Fund	347,466	348,598	1,132

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Township's deposits and investments:

Custodial Credit Risk. In the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of March 31, 2008, the Township's book balance of its deposits was \$5,977,271; the total book value was \$5,977,421 due to \$150 in cash on hand. The bank balance was \$6,097,750 which was exposed to custodial credit risk, as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 2,089,656
Uninsured and Uncollateralized	<u>4,008,094</u>
Total	<u>\$ 6,097,750</u>

A reconciliation of cash to the accompanying financial statements follows:

Statement of Net Assets:	
Cash and Cash Equivalents	\$ 5,373,681
Fiduciary Fund:	
Cash	<u>603,740</u>
Total	<u>\$ 5,977,421</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$ 3,211,500	Demand
Certificates of Deposit	\$ 2,886,250	137 Days

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments, certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in a single issuer.

B. Capital Assets

Capital asset activity for the year ended March 31, 2008 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 15,400	\$ -	\$ -	\$ 15,400
Capital Assets, being depreciated:				
Building and Improvements	732,865	-	-	732,865
Machinery and Equipment	173,241	-	-	173,241
Infrastructure	8,323,280	-	-	8,323,280
	<u>9,229,386</u>	<u>-</u>	<u>-</u>	<u>9,229,386</u>
Less: Accumulated Depreciation:				
Building and Improvements	(191,867)	(22,032)	-	(213,899)
Machinery and Equipment	(104,951)	(16,817)	-	(121,768)
Infrastructure	(3,398,673)	(277,443)	-	(3,676,116)
	<u>(3,695,491)</u>	<u>(316,292)</u>	<u>-</u>	<u>(4,011,783)</u>
Governmental Activities Capital Assets, net	\$ <u>5,549,295</u>	\$ <u>(316,292)</u>	\$ <u>-</u>	\$ <u>5,233,003</u>

Depreciated expense was charged to functions of the Township as follows:

General Government	\$ 38,849
Public Works	277,443
	<u>\$ 316,292</u>

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

C. Inter-fund Receivables, Payables and Transfers

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Police Fund	\$ 3,241
	Tax Collection Fund	31,127
	Fire Fund	15,398
Police Fund	Tax Collection Fund	20,753
Fire Fund	Tax Collection Fund	30,830
Debt Service Fund	Tax Collection Fund	22,227
		<u>\$ 123,576</u>

Amounts represent uncleared interfund transactions at year end.

<u>Transfers In</u>	<u>Transfers Out</u>	
Multi Lake Water & Sewer	Multi Lake Fund	
Debt Service		\$ <u>466,250</u>

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended March 31, 2008:

	<u>Balance</u> <u>April 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2008</u>	<u>Balance</u> <u>Within 1 Year</u>
Gov. Activities:					
Special Assessment	\$ <u>5,250,000</u>	\$ <u>-</u>	\$ <u>500,000</u>	\$ <u>4,750,000</u>	\$ <u>500,000</u>

The following is a summary of general obligation debt outstanding of the Township as of March 31, 2008:

	<u>Number of</u> <u>Issues</u>	<u>Interest</u> <u>Rate</u>	<u>Maturing</u> <u>Through</u>	<u>Principal</u> <u>Outstanding</u>
Governmental Activities:				
Special Assessment	1	3.95%-4.8%	2015	\$ <u>4,750,000</u>

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

The annual debt service requirements to maturity for debt outstanding as of March 31, 2008 is as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 500,000	\$ 201,625
2010	600,000	178,775
2011	600,000	153,275
2012	600,000	127,175
2013	600,000	100,475
2014	600,000	73,175
2015	625,000	44,688
2016	625,000	15,000
	<u>\$ 4,750,000</u>	<u>\$ 894,188</u>

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at March 31, 2008, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>Fund Balance</u>			
Reserved For:			
Debt Service	\$ -	\$ 2,562,633	\$ 233,475
Total Reserved	<u>-</u>	<u>2,562,633</u>	<u>233,475</u>
Unreserved:			
Undesignated	<u>1,529,663</u>	<u>1,242,008</u>	<u>-</u>
Total Unreserved	<u>1,529,663</u>	<u>1,242,008</u>	<u>-</u>
Total Fund Balance	<u>\$ 1,529,663</u>	<u>\$ 3,804,641</u>	<u>\$ 233,475</u>

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

F. Property Taxes

Property tax assessments are determined (tax day) as of each December 31, and are levied on December 1 of the following year. The Township bills and collects its own property taxes and also taxes for the County and various school districts which are accounted for in the Tax Collection Agency Fund. Township property tax revenues are recognized when levied to the extent that they are measurable and available in accordance with the G.A.S.B. 33 (Revenue Recognition - Property Taxes). The maximum authorized operating levies for the Township are detailed below:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate (Pre Rollback)</u>	<u>Per \$1,000 State Equalized Value</u>	
			<u>Authorized Rate (Post Rollback)</u>	<u>Rate Levied</u>
Operating	State Law	1.1600	.8088	.8088
Fire	Voter Approved	1.5000	1.4856	1.4856
Police Services	Voter Approved	1.5000	1.4856	<u>1.0000</u>
Total				<u>3.2944</u>

The Township entered into an agreement with Washtenaw County Board of Commissioners for the prepayment of delinquent real property taxes. The Board of Commissioners has established a "Washtenaw County Delinquent Revolving Fund". The purpose of this fund is to allow the County Treasurer to pay each taxing unit any delinquent real property taxes which are due on settlement day with the Township Treasurer. To raise sufficient monies to finance the Revolving Fund, the County sells notes pledging the anticipated collection of the taxes as security. These taxes have been recorded as revenue for the current year.

G. Risk Management

Dexter Township is a member of the Michigan Township Participating Plan for its property and casualty insurance coverage and maintains commercial insurance coverage for workers compensation. The Township believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

H. Retirement Program – Defined Benefit Plan

1. Plan Description

The Township contributes to the Michigan Municipal Employee's Retirement System (MMERS), which is an agent multiple employer retirement system that covers all full time nonunion employees of the Township. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by a certain percentage based on the benefit program in effect as of the date of termination of membership times the final average compensation (FAC). The most recent actuarial data available was for the actuarial valuation as of December 31, 2007.

MMERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MMERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MMERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 447 N. Canal St., Lansing, Michigan 48917-9755.

2. Funding Policy

The obligation to contribute to and maintain the system for these employees was established by the Township's personnel policy. The Township is required to contribute at an actuarially determined rate; the current rate was 2.90 percent of annual compensation at December 31, 2007.

3. Contributions

During the fiscal year ended March 31, 2008, the Township's contributions totaling \$10,229 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2006. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment in required to amortize

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

H. Retirement Program – Defined Benefit Plan – Continued

3. Contributions – Continued

the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Trend Information				
Fiscal Year Ended March 31,	Valuation Date Dec. 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2001	1999	\$ 9,318	100%	\$ -0-
2002	2000	7,483	100%	-0-
2003	2001	7,944	100%	-0-
2004	2002	7,194	100%	-0-
2005	2003	10,752	100%	-0-
2006	2004	7,429	100%	-0-
2007	2005	13,582	100%	-0-
2008	2006	10,229	100%	-0-

I. Contingent Liabilities

1. Property Tax Appeals

The Township is in the process of settling a property tax appeal relating to the taxpayers request for reduced personal property assessments for the 2003-2007 tax roll. The total amount of taxes in dispute is \$26,000 (including estimated interest), which has been accrued as a loss as of March 31, 2008 in the appropriate tax supported funds.

2. Litigation

The Township is also involved in various litigation primarily arising in the normal course of business. In the opinion of the Township officials and the Township attorney, the Township's liability, if any, under any pending litigation would not materially affect its financial condition in the forthcoming year.

REQUIRED SUPPLEMENTARY INFORMATION

DEXTER TOWNSHIP
Required Supplementary Information – (Unaudited)
Defined Benefit Pension Plans – Trend Information
For the Year Ended March 31, 2008

Required Supplementary Information for GASB 27

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Underfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
12/31/97	\$ 131,101	\$ 187,050	\$ 55,949	70 %	\$ 72,962	77 %
12/31/98	164,373	243,374	79,001	68	100,067	79
12/31/99	203,401	252,416	49,015	81	122,106	40
12/31/00	242,907	304,422	61,515	80	136,351	45
12/31/01	269,103	324,899	55,796	83	144,678	39
12/31/02	285,168	337,699	52,531	84	167,910	31
12/31/03	312,188	372,279	60,091	84	157,546	38
12/31/04	340,670	412,454	71,784	83	181,525	40
12/31/05	374,437	426,936	52,499	88	183,094	29
12/31/06	407,238	448,059	40,821	91	226,825	18
12/31/07	451,974	513,142	61,168	88	231,824	26

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2007, the latest actual valuation, follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	
Includes inflation at 4.5%	4.50-8.66%
Cost of living adjustments	None

DEXTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:				
General Property Taxes	\$ 258,111	\$ 243,793	\$ 254,933	\$ 11,140
Property Tax Administrative Fee	104,355	104,809	115,175	10,366
Intergovernmental-State	337,900	361,064	361,064	-
Licenses and Permits	21,400	21,555	21,555	-
Penal Fines	8,000	9,093	9,093	-
Refunds and Reimbursements	1,800	7,339	7,339	-
Interest	16,500	43,162	69,219	26,057
Charges for Services	23,700	62,034	40,169	(21,865)
Miscellaneous	41,600	41,880	41,880	-
Total Revenues	<u>813,366</u>	<u>894,729</u>	<u>920,427</u>	<u>25,698</u>
Expenditures:				
General Government	489,061	667,964	500,998	166,966
Planning/Zoning	102,280	81,396	87,285	(5,889)
Public Safety	49,475	42,544	42,544	-
Highways and Streets	126,000	60,970	60,970	-
Sanitation	17,100	15,329	15,329	-
Cultural/Recreation	3,450	1,450	1,450	-
Other Functions	26,000	25,080	25,080	-
Total Expenditures	<u>813,366</u>	<u>894,733</u>	<u>733,656</u>	<u>161,077</u>
Excess of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>(4)</u>	\$ 186,771	\$ <u>186,775</u>
Fund Balance - April 1			<u>1,342,892</u>	
Fund Balance - March 31			\$ <u>1,529,663</u>	

DEXTER TOWNSHIP
Police Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:				
Property Taxes	\$ 312,033	\$ 285,969	\$ 315,472	\$ 29,503
Interest Income	<u>50,000</u>	<u>61,496</u>	<u>44,580</u>	<u>(16,916)</u>
Total Revenues	362,033	347,465	360,052	12,587
Expenditures:				
Public Safety	<u>461,650</u>	<u>347,466</u>	<u>348,598</u>	<u>(1,132)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>(99,617)</u>	\$ <u>(1)</u>	11,454	\$ <u>11,455</u>
Fund Balance - April 1			<u>886,388</u>	
Fund Balance - March 31			\$ <u>897,842</u>	

DEXTER TOWNSHIP
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:				
Property Taxes	\$ 463,004	\$ 446,296	\$ 471,619	\$ 25,323
Interest Income	<u>56,246</u>	<u>7,559</u>	<u>8,033</u>	<u>474</u>
Total Revenues	519,250	453,855	479,652	25,797
Expenditures:				
Public Safety	<u>519,250</u>	<u>453,856</u>	<u>316,484</u>	<u>137,372</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u><u>-</u></u>	\$ <u><u>(1)</u></u>	163,168	\$ <u><u>163,169</u></u>
Fund Balance - April 1			<u>180,998</u>	
Fund Balance - March 31			\$ <u><u>344,166</u></u>	

OTHER SUPPLEMENTARY INFORMATION

DEXTER TOWNSHIP
General Fund
Statement of Expenditures by Department
Budget and Actual
For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
General Government:				
Township Board	\$ 21,320	\$ 19,200	\$ 19,200	\$ -
Supervisor	38,137	26,572	26,572	-
Elections	18,000	7,197	7,197	-
Assessing	66,725	150,993	154,393	(3,400)
Clerk	56,309	50,184	50,184	-
Board of Review	4,395	3,389	3,389	-
Treasurer	49,407	44,820	44,820	-
Building and Grounds	33,850	21,773	21,773	-
Cemetery	3,000	1,525	1,525	-
Other	197,918	342,311	171,945	170,366
Total General Government	<u>489,061</u>	<u>667,964</u>	<u>500,998</u>	<u>166,966</u>
Planning:				
Planning Commission	76,898	60,636	66,525	(5,889)
Zoning Board of Appeals	25,382	20,760	20,760	-
Total Planning	<u>102,280</u>	<u>81,396</u>	<u>87,285</u>	<u>(5,889)</u>
Public Safety-Ordinance	49,475	42,544	42,544	-
Highways and Streets	126,000	60,970	60,970	-
Solid Waste	4,000	3,609	3,609	-
Recycling	13,100	11,720	11,720	-
Cultural/Recreation	3,450	1,450	1,450	-
Other Functions	26,000	25,080	25,080	-
Total Expenditures	<u>\$ 813,366</u>	<u>\$ 894,733</u>	<u>\$ 733,656</u>	<u>\$ 161,077</u>

POST, SMYTHE, LUTZ and ZIEL

of Plymouth LLP
Certified Public Accountants

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June 25, 2008

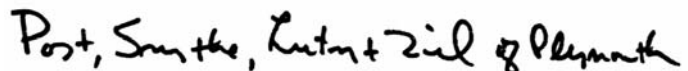
Board of Trustees
Dexter Township
Dexter, Michigan

In planning and performing our audit of Dexter Township for the year ended March 31, 2008, we have considered the Township's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are an opportunity for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions in these areas. This letter does not affect our report dated June 25, 2008 on the financial statements of Dexter Township.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies or assist in their implementation.

Respectfully,



Post, Smythe, Lutz and Ziel of Plymouth LLP
Certified Public Accountants

Multi-Lake Water and Sewer Authority – Cash Flow

In 1999 the County refinanced a portion of the bonds used to finance the project. This refinancing allowed the large principal payments scheduled on the original bonds to be spread out over a longer term. The refinancing plan was devised to allow time for other non-specially assessed users to "tap-in" to the system and provide additional financial resources to pay-off the bonds.

In 2004, the Township financial consultant developed a model which was used to provide analysis as to the number of "tap fees" which would be necessary to retire bonds, given assumed rates of interest income, special assessment collections and quarterly debt service charges.

While the financial resources accumulated at the end of March 2008 are somewhat higher than the 2004 projected results, the number of anticipated "taps" in the 2004 analysis (15 per year, for 2008 – 2015) may not be attainable, given recent actual results.

We suggest that the Township update the model developed by the consultant with more likely tap-in "sales", debt service revenues and interest rate assumptions.

POST, SMYTHE, LUTZ and ZIEL

of Plymouth LLP
Certified Public Accountants

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July 31, 2008

Board of Trustees
Dexter Township
Dexter, Michigan

In planning and performing our audit of the financial statements of Dexter Township as of and for the year ended March 31, 2008, in accordance with U.S. generally accepted auditing standards, we considered Dexter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

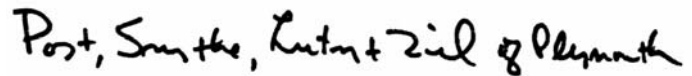
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

The Township does not have procedures in place nor an employee with sufficient skills to prepare financial statements and record transactions in accordance with U.S. Generally Accepted Accounting Principles.

This communication is intended solely for the information and use of management, the Board of Trustees of the Dexter Township, and the State of Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Post, Smythe, Lutz + Ziel of Plymouth". The signature is written in a cursive, flowing style.

Post, Smythe, Lutz and Ziel of Plymouth LLP
Certified Public Accountants